

FORM MR-RC  
Revised January 30, 2003  
RECLAMATION CONTRACT

File Number 5/047/068  
Effective Date June 21, 2004  
Other Agency File Number n/a

**STATE OF UTAH**  
**DEPARTMENT OF NATURAL RESOURCES**  
**DIVISION of OIL, GAS and MINING**  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

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DIV. OF OIL, GAS & MINING

**RECLAMATION CONTRACT**

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>S/047/068</u>
(Mineral Mined)	<u>Oil Sands</u>
"MINE LOCATION":	
(Name of Mine)	<u>4.5 Miles West of Vernal, Utah</u>
(Description)	<u>"D" Tract Oil Sand Mine</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>4.86 acres</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Wembco, Inc.</u>
(Address)	<u>20231 Orchid</u>
	<u>Newport Beach, CA 92660</u>
(Phone)	<u>(949)852-8886</u>



"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

Parracorp Incorporated

1108 East South Union Avenue

Midvale, Utah

(800)533-7272

"OPERATOR'S OFFICER(S)":

James L. Barnes, President

Kathy L. Million, Vice President/Secretary

SURETY":

(Form of Surety - Attachment B)

Certificate of Deposit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Zions Bank

CD No.

"SURETY AMOUNT":

(Escalated Dollars)

\$14,500.00

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Wembco, Inc. the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. S/047/068 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.



NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved Notice of Intention and Reclamation Plan received September 21, 1998. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.



7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.



OPERATOR:

Wembco, Inc.  
Operator Name

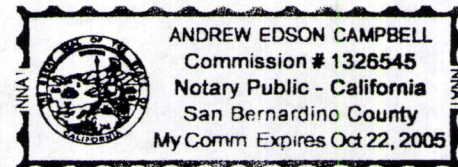
By James L. Barnes  
Authorized Officer (Typed or Printed)

President, Chairman of the Board  
Authorized Officer - Position

[Signature]  
Officer's Signature

4-9-04  
Date

STATE OF CALIFORNIA )  
COUNTY OF SAN BERNARDINO ) SS:



On the 9TH day of APRIL, 2004, JAMES L. BARNES  
personally appeared before me, who being by me duly sworn did say that he/~~she~~ is the  
PRESIDENT, CHAIRMAN of WEMBEO, INC and duly  
acknowledged that said instrument was signed on behalf of said company by authority  
of its bylaws or a resolution of its board of directors and said  
JAMES L. BARNES duly acknowledged to me that said  
company executed the same.

[Signature]  
Notary Public  
Residing at 39149 NORTH SHORE DRIVE

OCT 22, 2005  
My Commission Expires:



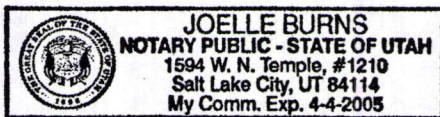
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton  
Lowell P. Braxton, Director

6/21/04  
Date

STATE OF Utah)  
COUNTY OF Salt Lake) ss:

On the 21<sup>st</sup> day of June, 2004, Lowell P. Braxton  
personally appeared before me, who being duly sworn did say that he, the said  
Lowell P. Braxton is the Director of the Division of Oil, Gas and Mining,  
Department of Natural Resources, State of Utah, and he duly acknowledged to me that  
he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns  
Notary Public  
Residing at: SLC UT

April 4, 2005  
My Commission Expires:



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ATTACHMENT "A"

DIV. OF OIL, GAS & MINING

Wembco, Inc.  
Operator

'D' Tract Oil Sand Mine  
Mine Name File No. S/047/068

S/047/068  
Permit Number

Uintah County, Utah

**LEGAL DESCRIPTION**

*Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.*

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 4.86 acres under the approved permit and surety, as reflected on the attached map labeled Wembco Mine S/047/068 and dated June 6, 2003:

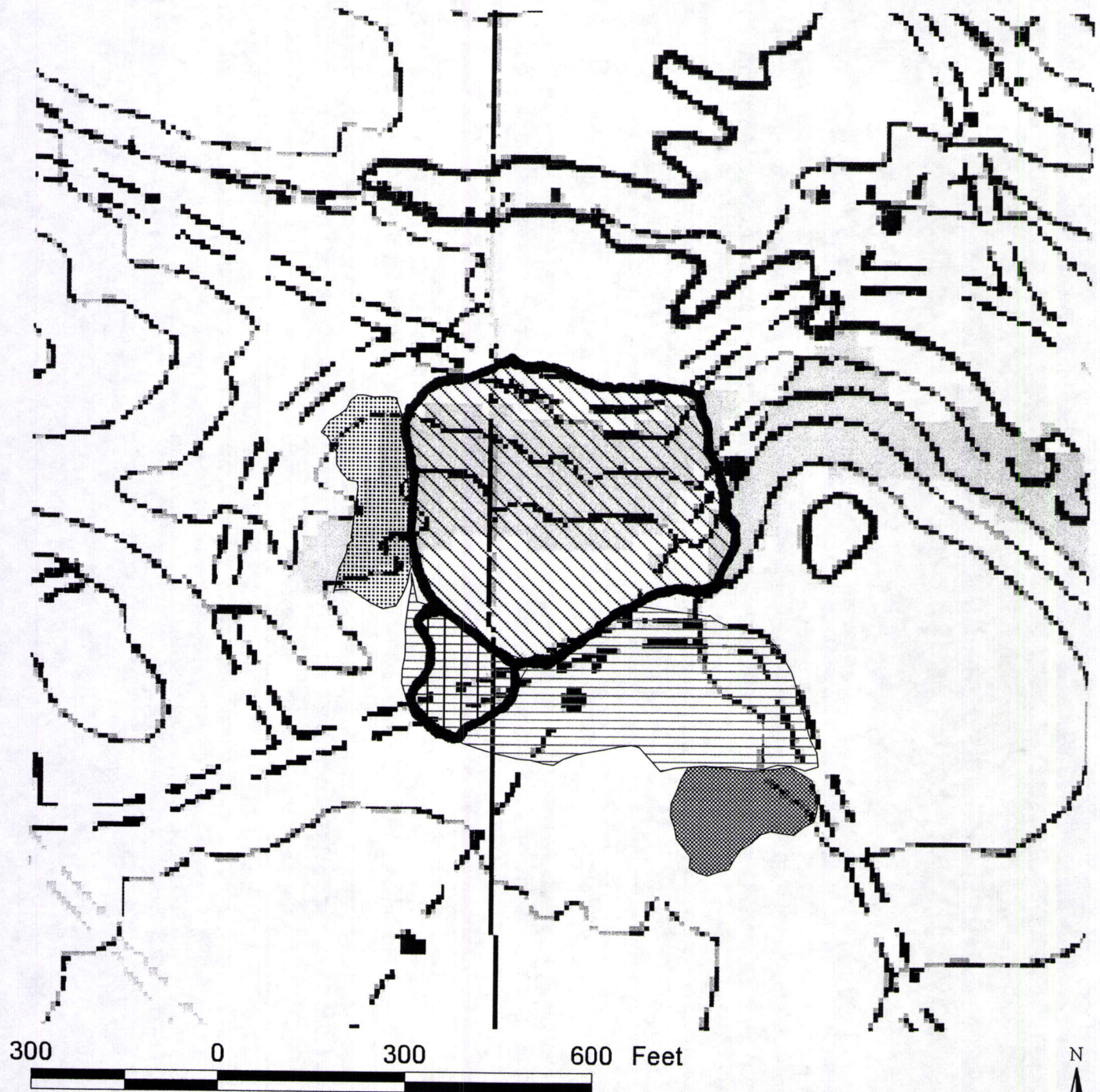
Township 4 South, Range 20 East, SLM

SW/4NW/4 Section 24 and SE/4NE/4 Section 23

Certificate of Deposit is for the mine and mixing area as shown on the Map labeled "Wembco Mine S/047/068."



# Wemko Mine S/047'068



## Disturbed Areas

- Processing, 2.93 acres
- Mixing area, 0.48 acres
- Reclaimable area, 0.76 acres
- Recycling area, 0.64 acres
- WEMBCO Mine, 4.38 acres

**Bonded areas outlined in red (4.86 acres)**

Map created June 6, 2003, from data gathered by Paul Baker May 22, 2003. Vernal NW Quad, Township 4 South, Range 20 East, Sections 23 and 24, SLBM.

This map may not meet Division standards for accuracy and content. Different data sources and input scales may cause some misalignment of data layers.